

## Message Text

CONFIDENTIAL

PAGE 01 NASSAU 01399 01 OF 02 131444Z

ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 IO-13 SAB-02 DLOS-09 OES-07 EB-08 COME-00  
OMB-01 ACDA-07 TRSE-00 FRB-03 /111 W  
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R 121927Z SEP 77

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 9813

C O N F I D E N T I A L SECTION 1 OF 2 NASSAU 1399

E.O. 11652: GDS

TAGS: PDEV, PGOV, BF

SUBJ: PRESS CONFERENCE - P.M. PINDLING

PART I OF II PARTS

1. AS DEPARTMENT AWARE PRIME MINISTER PINDLING HELD A PRESS CONFERENCE AT STATE DEPARTMENT AT 10 AM ON THURSDAY, SEPT. 8. PRESS CONFERENCE WAS SPARSELY ATTENDED AND TO MY KNOWLEDGE ONLY ONE BONA FIDE CORRESPONDENT WAS PRESENT. REST OF "AUDIENCE" INCLUDED U.S. ESCORTS, BAHAMIAN EMBASSY AND EXTERNAL AFFAIRS STAFF MEMBERS AND EXECUTIVES FROM MADISON AVENUE ADVERTISING AGENCY - AYER - WHICH HANDLES GCOB TOURISM AND PROMOTION ACCOUNT. THE LATTER FIELDDED ALL QUESTIONS WITH THE EXCEPTION OF ONE ON BELIZE AND I AM TOLD THAT "QUESTIONS" HAD BEEN GIVEN TO THEM EARLIER BY GCOB. FOLLOWING IS PINDLING'S PREPARED OPENING STATEMENT AND SIGNIFICANT QUESTIONS AND ANSWERS.

2. OPENING STATEMENT: "I WAS HAPPY TO ACCEPT THE INVITATION OF THE DISTINGUISHED SECRETARY GENERAL OF THE ORGANIZATION OF AMERICAN STATES TO ATTEND THE SIGNING CEREMONY AT WHICH THE TREATIES GOVERNING THE OPERATION AND DEFENCE OF THE PANAMA CANAL WERE TO BE SIGNED AND UPON WHICH AGREEMENT HAD

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 01399 01 OF 02 131444Z

BEEN REACHED BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND PANAMA.

"I AM ALSO PLEASED TO HAVE BEEN ABLE TO ACCEPT THE KIND INVITATION OF PRESIDENT CARTER TO MEET WITH HIM PERSONALLY TO DISCUSS MATTERS OF MUTUAL INTEREST TO OUR RESPECTIVE COUNTRIES.

"WE IN THE BAHAMAS ARE PROUD OF OUR UNIQUELY PEACEFUL HISTORY OF NEARLY TWO AND ONE-HALF CENTURIES (248 YEARS TO BE EXACT) OF STABLE AND UNINTERRUPTED PARLIAMENTARY DEMOCRACY. WE ARE AN ANCIENT PART OF AND ARE SYMBOLIC OF A MODERN WESTERN HEMISPHERIC SYSTEM, THE CONSTITUENT PARTS OF WHICH NEED TO BE RECOGNIZED ON A BASIS OF EQUALITY AS WELL AS ON A BASIS OF SIMILAR TRADITIONS OF PARLIAMENTARY DEMOCRACY UNMATCHED THROUGH-OUT THE WORLD.

"WE ARE ALSO PROUD OF OUR SHORT BUT, WE BELIEVE, SIGNIFICANT CONTRIBUTION TO THE CONTINUING PROCESS OF STRENGTHENING RELATIONSHIPS BETWEEN ALL THE NATIONS OF THE WESTERN HEMISPHERE BASED UPON RESPECT FOR THE INDEPENDENCE, TERRITORIAL INTEGRITY AND SOVEREIGNTY OF ALL ITS STATES.

"BECAUSE THE SURVIVAL OF ALL OUR PEOPLES SO COMPLETELY DEPENDS UPON IT, THE BAHAMAS WILL SUPPORT EVERY CONSCIENTIOUS EFFORT BEING MADE TO REMOVE ALL THOSE AREAS OF OFFENCE OR POTENTIAL FRICTION WHICH DO NOT CONTRIBUTE TO THE MAINTENANCE OF PEACE, STABILITY AND RESPECT FOR NATIONAL SOVEREIGNTY IN OUR HEMISPHERE.

"AS A GREAT DEAL OF THE SHIPPING WHICH PASSES THROUGH THE PANAMA CANAL ALSO PASSES THROUGH THE BAHAMIAN ARCHIPELAGO WE ATTACH A PARTICULAR SIGNIFICANCE TO THE TREATY WHICH DEALS  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NASSAU 01399 01 OF 02 131444Z

WITH THE PERMANENT NEUTRALITY OF THE CANAL WHICH IS BOUND TO BE OF CONTINUING IMPORTANCE TO WORLD COMMERCE GENERALLY. THE BAHAMAS ENCOURAGES THE REGISTRATION OF FOREIGN SHIPPING UNDER ITS FLAG AND SUPPORTS THE CONCEPT OF FREEDOM OF PASSAGE TO FACILITATE INTERNATIONAL TRADE AND COMMERCE.

"IN THE SHORT TIME SINCE THE BAHAMAS HAS BECOME INDEPENDENT, IT HAS DEVELOPED CLOSER TIES OF FRIENDSHIP WITH ITS NEIGHBOURS IN THE WESTERN HEMISPHERE. WE ARE A MAJOR TOURIST RESORT WHICH CATERS TO AND WELCOMES VISITORS FROM THROUGHOUT THE HEMISPHERE. OUR INDUSTRY WILL CONTINUE TO THRIVE AND WILL DO SO BEST IN A CLIMATE OF PEACE AND STABILITY. WE BELIEVE THAT THE CURRENT SETTLEMENT OF THE FUTURE OF THE PANAMA CANAL BY THE GOVERNMENTS OF THE UNITED STATES AND PANAMA OUGHT TO CONSTITUTE A STIMULANT TO THE RESOLUTION OF OTHER HEMISPHERIC PROBLEMS WHICH WILL FURTHER GUARANTEE STABILITY AND FRIENDSHIP IN OUR TIME.

PART II

3. QUESTIONED ON THE EFFECTS OF A FAILURE BY THE SENATE TO RATIFY THE TREATIES THE PM RESPONDED BY SAYING:

"THE MORAL AUTHORITY OF THE U.S. IN THE WORLD WOULD BE ENHANCED, I THINK IF THE TREATIES WERE APPROVED. IF THE TREATIES WERE NOT APPROVED BECAUSE THERE WAS A BASIC AGREEMENT IN PRINCIPLE WITHOUT A THOUGHT EVEN OF MAKING ANY CONCESSION, I THINK IT WOULD PROBABLY DAMAGE INTERNATIONALLY THE OVERALL MORAL AUTHORITY OF THE U.S. THE FACT THAT A COUNTRY AS BIG AND AS POWERFUL AS THE U.S. COULD REACH A NEGOTIATED SETTLEMENT WITH A COUNTRY AS SMALL AS PANAMA IS SIGNIFICANT IN THE WORLD CONTEXT TODAY WHERE THERE IS NOT TOO GREAT A RESPECT PAID FOR THE EQUALITY OF NATIONS, IRRESPECTIVE OF SIZE."

4. ASKED (BY AN AYER REP., NATURALLY) ABOUT "THE TREATIES INFLUENCE ON THE EXPLORATION OF THE SEA" THE PM STATED THAT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 NASSAU 01399 01 OF 02 131444Z

THERE WAS NO DIRECT EFFECT "...BUT INDIRECTLY, AGAIN BY REASON OF THE FACT THAT A BIG AND POWERFUL COUNTRY CAN RESOLVE A LONG OUTSTANDING DISPUTE BY NEGOTIATIONS AUGERS WELL FOR THE FUTURE CONDUCT OF ANY SIMILAR NEGOTIATIONS BETWEEN ANY OTHER TWO COUNTRIES IN THE HEMISPHERE...WE'VE HAD SOME PIN PRICKS OVER EXPLOITATION OF THE FISHING RESOURCES OF THE CONTINENTAL SHELF. NOW THAT THE U.S. AND THE BAHAMAS HAVE EXTENDED ECONOMIC ZONES 200 MILES, WE WOULD NEED TO MEET FAIRLY SOON IN ORDER TO DETERMINE A MUTUALLY AGREEABLE MARITIME BOUNDARY WHERE THERE WOULD BE NO CONFLICTS SINCE OUR 200 MILES GOES INTO FLORIDA AND THEIRS (U.S.) 200 MILES GOES INTO THE BAHAMAS. SO WE WOULD OBVIOUSLY HAVE TO COME TO SOME UNDERSTANDING OVER A PROPER MEDIAN LINE. ONCE THAT'S DONE, THE GREATER PROBLEM I THINK WOULD BE WHO CONTROLS - NOT WHO CONTROLS BUT WHO EXPLOITS AND ULTIMATELY WHO CONTROLS THE EXPLOITATION OF THE RESOURCES OF THE SEA IN VERY DEEP WATERS."

CONFIDENTIAL

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PAGE 01 NASSAU 01399 02 OF 02 151738Z  
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R 121927Z SEP 77  
FM AMEMBASSY NASSAU  
TO SECSTATE WASHDC 9814

CONFIDENTIAL SECTION 2 OF 2 NASSAU 1399

5. ON JOINING THE OAS THE PM STATED: "OUR BASIC FOREIGN POLICY POSTURE HAS BEEN ONE OF TAKING ONE STEP AT A TIME AS WE START TO ESTABLISH NEW RELATIONSHIPS." HE SAID THE PLAN HAD BEEN FIRST TO SEEK ASSOCIATION WITH AND MEMBERSHIP IN MEANINGFUL ECONOMIC AND SOCIAL AGENCIES. HE NOTED THAT THE BAHAMAS HAS JUST BEEN ACCEPTED AS A MEMBER IN THE INTER AMERICAN DEVELOPMENT BANK AND "WE WOULD BE TAKING THE SAME COURSE BEFORE WE TAKE ANY FINAL DECISION EITHER TO JOIN FULLY, SAY CARICOM IN THE CARIBBEAN OR THE OAS IN THE HEMISPHERE."

6. ASKED ABOUT BELIZE THE PM SAID "WE THINK IT IS A VERY SPECIAL PROBLEM AND IF THE US-PANAMA SITUATION COULD HAVE BEEN RESOLVED BY NEGOTIATION WE WOULD HOPE THAT THE BELIZE-GUATEMALA SITUATION MIGHT SIMILARLY BE RESOLVED BY NEGOTIATIONS. WE FEEL RATHER ATTACHED TO BELIZE INSO FAR AS BOTH OURSELVES AND BELIZE WERE FORMER UK COLONIES AND WE DEEPLY SYMPATHIZE WITH THE POSITION OF AND THE INTERESTS OF THE PEOPLE OF BELIZE. WE THINK THAT THEY HAVE A FULL RIGHT, AS EVERYONE ELSE, TO SELF-DETERMINATION AND TERRITORIAL INTEGRITY, AND WE SUPPORT THEM IN BOTH OF THOSE OBJECTIVES."

7. ASKED TO RESPOND TO CRITICISM IN THE U.S. OF FINANCIAL PRACTICES AND BANKING ACTIVITIES OF SOME AMERICANS IN THE BAHAMAS AND THE ALLEGED USE OF BAHAMIAN BANKING LAWS TO CIRCUMVENT U.S. TAX LAWS THE PM STATED: "AS FAR AS

CONFIDENTIAL

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PAGE 02 NASSAU 01399 02 OF 02 151738Z

THE BAHAMAS IS CONCERNED, ITS LAWS GOVERNING ITS BANKING AND OTHER FINANCIAL INSTITUTIONS ARE VERY GOOD LAWS. THE PRINCIPLES HAVE BEEN THE SAME FOR YEARS; THE REGULATING FUNCTIONS HAVE BEEN AMENDED AND STRENGTHENED FROM TIME TO TIME; AND WE, THEREFORE, SEE NO REASON FOR ANY SUBSTANTIVE CHANGE IN THE LAWS OR IN THE SYSTEM OTHER THAN CONTINUING TO IMPROVE OUR REGULATORY CAPABILITIES FROM TIME TO TIME JUST LIKE YOUR REGULATORY AGENCIES ALWAYS HAVE TO LOOK FOR SOME GUY WHO COMES UP WITH A BRIGHT IDEA TO BEAT A RULE THAT YOU MADE LAST WEEK. I THINK IT'S AN EXERCISE WE HAVE TO GO THROUGH BECAUSE WE HAVE TO CONTINUALLY EXPLAIN THAT YOU CAN'T HOLD THE BAHAMAS RESPONSIBLE IF SOMEONE FROM OUTSIDE THE BAHAMAS SEES IN A PARTICULAR BAHAMAS LAW SOME MEANS BY WHICH THEY CAN BEAT SOME DOMESTIC SYSTEM IN THIS COUNTRY OR IN SOME OTHER COUNTRY. THERE ARE SOME THINGS THAT I CAN DO HERE (IN THE U.S.) THAT I CAN'T DO AT HOME, AND I AM SURE THAT WOULD BE TRUE IN MANY OTHER PLACES BUT INTERNATIONAL BANKING

IS AN IMPORTANT PART OF OUR ECONOMY AS WELL. NEW PROVIDENCE IS ONE OF THE LARGEST BANKING CENTERS OUTSIDE OF LONDON AND WE HOPE TO FURTHER EXPAND OUR IMPORTANCE AS AN OFFSHORE FINANCIAL CENTER."

8. ASKED ABOUT TOURISM THE PM RESPONDED: "WE THINK THAT THE NORTH AMERICAN MARKET HAS NOT REALLY BEEN EXPLOITED. THERE ARE LARGE AREAS FROM WHICH TOURISTS MAY COME TO THE BAHAMAS. WHAT MILITATES MOST AGAINST OUR FURTHER PENETRATION OF THE NORTH AMERICAN MARKET IS THE AVAILABILITY OF DIRECT AIR SERVICE FROM THESE NORTH AMERICAN AREAS TO THE BAHAMAS. WE WILL BE PURSUING WITH BOTH GOVERNMENTS (U.S. AND CANADA) THE POSSIBILITIES IN UPCOMING AIR TALKS OF DIRECT SERVICE FROM SEVERAL POINTS IN CANADA AND THE U.S. WHICH WOULD FACILITATE THE EASE OF AIR TRAVEL TO THE BAHAMAS. WE THINK THE GREATER OPPORTUNITY WE HAVE TO DEVELOP TOURISM, THE LONGER

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NASSAU 01399 02 OF 02 151738Z

WE WILL BE ABLE TO SUSTAIN AND MAINTAIN OUR ECONOMY AT A DECENT LEVEL AND THAT WILL GIVE US NO EXCUSE TO HAVE TO COME TO THIS COUNTRY (U.S.) OR ANY COUNTRY SEEKING AID."

9. COMMENT FOR ARA/CAR - THIS GCOB ORCHESTRATED QUESTION AND ANSWER PERIOD PROVIDES US WITH A DEFINITIVE GUIDE TO BAHAMIAN THINKING AT THE HIGHEST LEVEL ON THE VARIOUS BI-LATERAL PROBLEMS FACING US FROM TAX EVASION/AVOIDANCE TO TOURISM. DEPT SHOULD PARTICULARLY NOTE THE PARALLEL PINNED HAS DRAWN BETWEEN OUR NEGOTIATIONS WITH PANAMA ON THE CANAL AND FUTURE NEGOTIATIONS WITH OTHER SMALL HEMISPHERIC STATES, I.E. THE BAHAMAS. IN THIS REGARD IT SHOULD BE UNDERLINED THAT RATHER THAN CHOOSE FACILITIES NEGOTIATIONS AS THE EXAMPLE, THE PM CHOSE THE PROBLEM OF AN EVENTUAL MARITIME BOUNDARY. IN DOING SO HE UNDERLINED THE FACT THAT FROM THE BAHAMIAN POINT OF VIEW THIS ISSUE HAS THE STRONGEST POTENTIAL FOR BEING A POINT OF CONTENTION AND NOT SO SUBTLY EXPRESSED THE HOPE THAT "MORAL" CONSIDERATIONS WOULD NOT BE FORGOTTEN IN ITS RESOLUTION.

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## Message Attributes

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